

**China Construction Bank Corporation,
Johannesburg Branch**

Basel Pillar III
Quarter 3 Disclosure Report
30 September 2023

OV1: Overview of RWA

R' 000		Notes	a	b	c
			Risk –weighted assets		Minimum capital requirements N1
			30-Sep-23	30-Jun-23	30-Sep-23
1	Credit risk (excluding counterparty credit risk)		19,792,374	18,573,357	2,276,123
2	Of which: standardised approach (SA)		19,792,374	18,573,357	2,276,123
3	Of which: foundation internal ratings-based (F-IRB) approach		-	-	-
4	Of which: supervisory slotting approach		-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach		-	-	-
6	Counterparty credit risk (CCR)	N2	404,500	175,784	46,518
7	Of which: standardised approach for counterparty credit risk		404,500	175,784	46,518
8	Of which: Internal Model Method (IMM)		-	-	-
9	Of which: other CCR		-	-	-
10	Credit valuation adjustment (CVA)		229,827	99,876	26,430
11	Equity positions under the simple risk weight approach		-	-	-
12	Equity investments in funds - look-through approach		-	-	-
13	Equity investments in funds - mandate-based approach		-	-	-
14	Equity investments in funds - fall-back approach		-	-	-
15	Settlement risk		-	-	-
16	Securitisation exposures in the banking book		-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)		-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach		-	-	-
19	Of which: securitisation standardised approach (SEC-SA)		-	-	-
20	Market risk		10,026	49,065	1,153
21	Of which: standardised approach (SA)		10,026	49,065	1,153
22	Of which: internal model approaches (IMA)		-	-	-
23	Capital charge for switch between trading book and banking book		-	-	-
24	Operational risk		1,577,808	1,660,365	181,448
25	Amounts below thresholds for deduction (subject to 250% risk weight)		304,463	281,298	35,013
26	Floor adjustment		-	-	-
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)		22,318,998	20,839,745	2,566,685

Notes

N1: Minimum capital requirements: South African base minima (9%) + conservation buffer (2.5%).

N2: Counterparty credit risk: Increase in CCR is mainly driven by increased replacement cost of the FX derivatives portfolio (mainly USD/ZAR FX swaps) during September 2023. CCR levels are monitored daily.

KM1: Key Metrics

R'000 Notes		a	b	c	d	e
		30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22	30-Sept-22
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	6,518,723	6,519,599	6,346,188	6,248,228	5,999,366
1a	Fully loaded ECL accounting model	6,518,723	6,519,599	6,346,188	6,248,228	5,999,366
2	Tier 1	6,518,723	6,519,599	6,346,188	6,248,228	5,999,366
2a	Fully loaded accounting model Tier 1	6,518,723	6,519,599	6,346,188	6,248,228	5,999,366
3	Total capital	6,649,502	6,650,980	6,468,821	6,357,329	6,104,222
3a	Fully loaded ECL accounting model total capital	6,649,502	6,650,980	6,468,821	6,357,329	6,104,222
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	22,318,998	20,839,745	18,743,645	15,736,482	10,328,456
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	29.21%	31.28%	33.86%	39.71%	58.09%
5a	Fully loaded ECL accounting model CET1 (%)	29.21%	31.28%	33.86%	39.71%	58.09%
6	Tier 1 ratio (%)	29.21%	31.28%	33.86%	39.71%	58.09%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	29.21%	31.28%	33.86%	39.71%	58.09%
7	Total capital ratio (%)	29.79%	31.91%	34.51%	40.40%	59.10%
7a	Fully loaded ECL accounting model total capital ratio (%)	29.79%	31.91%	34.51%	40.40%	59.10%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.20%	0.22%	0.05%	0.05%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.70%	2.72%	2.55%	2.55%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	21.13%	23.19%	25.94%	31.78%	50.21%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	47,278,494	43,418,913	44,241,796	44,999,495	39,590,652
14	Basel III leverage ratio (%) (row 2/row 13)	13.79%	15.02%	14.34%	13.89%	15.15%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a/row 13)	13.79%	15.02%	14.34%	13.89%	15.15%
Liquidity Coverage Ratio		N1				
15	Total HQLA	19,765,156	19,396,167	21,963,108	19,193,896	8,113,665
16	Total net cash outflow	N2	7,819,912	6,265,688	7,976,972	10,107,118
17	LCR ratio (%)	N3	252.75%	309.56%	275.33%	189.90%
Net Stable Funding Ratio						
18	Total available stable funding	20,745,757	21,711,199	21,485,621	18,917,824	21,497,824
19	Total required stable funding	18,107,615	16,607,069	14,364,408	13,652,698	9,933,979
20	NSFR ratio (%)	114.57%	130.73%	149.58%	138.56%	216.41%

Notes

N1: The LCR reported in KM1 is the quarter-end LCR as indicated below in the LIQ1 this is prepared on different basis and therefore will not agree.

N2: Total net cash outflow: The increase is as a result of an increase in deposits from counterparties.

N3: LCR ratio: The percentage increase in total net cash outflow is greater than the percentage increase in total HQLA thus resulting in a decrease in LCR.

**LR1: Summary comparison of accounting assets vs leverage
ratio exposure method**

R'000	<i>Notes</i>	a^{N1}
1	Total consolidated assets as per published financial statements*	45,277,112
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-814,160
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,815,676
7	Other adjustments	-134
8	Leverage ratio exposure measure	47,278,494

*consolidated assets as per submitted BA returns

Notes

N1: Please note that KM1 above contains the comparatives of the Leverage Ratio Exposure measure in aggregate, reference should be made to that disclosure.

LR2: Summary comparison of accounting assets vs leverage

R'000		Notes	a	b
			30-Sep-23	30-Jun-23
On-balance sheet exposures				
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)		44,099,308	40,125,353
2	(Asset amounts deducted in determining Basel III Tier 1 capital)		-134	-200
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)		44,099,174	40,125,153
Derivative exposures				
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)		156,431	140,569
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions		276,422	143,911
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework		-	-
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		-69,209	-173,607
8	(Exempted CCP leg of client-cleared trade exposures)		-	-
9	Adjusted effective notional amount of written credit derivatives		-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		-	-
11	Total derivative exposures (sum of rows 4 to 10)	N1	363,644	110,873
Securities financing transactions				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		-	-
14	CCR exposure for SFT assets		-	-
15	Agent transaction exposures		-	-
16	Total securities financing transaction exposures (sum of rows 12 to 15)		-	-
Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount		5,631,352	6,365,774
18	(Adjustments for conversion to credit equivalent amounts)		-2,815,676	-3,182,887
19	Off-balance sheet items (sum of rows 17 and 18)	N2	2,815,676	3,182,887
Capital and total exposures				
20	Tier 1 capital		6,518,723	6,519,599
21	Total exposures (sum of rows 3, 11, 16 and 19)		47,278,494	43,418,913
Leverage ratio				
22	Basel III leverage ratio		13.79%	15.02%

Notes

N1: Derivative exposures: The increase is as a result of fair value movements in currency swaps resulting from exchange rate fluctuations.

N2: Off-balance sheet items: The decrease is as a result of committed facilities drawdown by clients.

LIQ1: LIQUIDITY COVERAGE RATIO (LCR)

R'000		Notes	a	b
			Total unweighted value (average)	Total weighted value (average)
High-Quality Liquid Assets				
1	Total HQLA			19,151,755
Cash outflows				
2	Retail deposits and deposits from small business		66,111	5,891
3	Stable deposits		-	-
4	Less stable deposits		66,111	5,891
5	Unsecured wholesale funding, of which:		33,908,815	8,454,621
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		-	-
7	Non-operational deposits (all counterparties)		33,908,815	8,454,621
8	Unsecured debt		-	-
9	Secured wholesale funding			-
10	Additional requirements, of which:		6,070,482	825,199
11	Outflows related to derivative exposures and other collateral requirements		187,868	187,868
12	Outflows related to loss of funding of debt products		-	-
13	Credit and liquidity facilities		5,882,614	637,332
14	Other contractual funding obligations		10,199	510
15	Other contingent funding obligations		-	-
16	TOTAL CASH OUTFLOWS			9,286,221
Cash inflows				
17	Secured lending (e.g. reverse repo)		-	-
18	Inflows from fully performing exposures		3,444,611	3,435,643
19	Other cash inflows		1,007,877	1,007,877
20	TOTAL CASH INFLOWS		4,452,488	4,443,520
				Total adjusted value
21	Total HQLA			19,151,755
22	Total net cash outflows			4,846,642
23	Liquidity coverage ratio			457%

Notes

N1: CCB-JHB has completed LIQ1 based on the requirements of BCBS 400 - "Pillar 3 disclosure requirements - consolidated and enhanced framework", which prescribes that this return must be presented on a simple daily average over the quarter. The Banks Act Directive 11/2022, which replaces Directive 7/2014, has been implemented and applied to the daily and monthly calculation from the effective date. For reference the LCR ratio as at 30 September 2023 is 253%. The number of data points used in the daily calculation is 92 days.

Note: the following tables as per Directive 1 of 2019 have not been included in the present disclosure due to the reasons as stated below.

Explanation	Directive 1 of 2019: Quarterly Disclosure required tables per Annex 1
CCB-JHB does not make use of the IMA and VaR estimates	MR2, MR3
CCB-JHB does not make use of the IRB approach for measuring Credit Risk	CR8, CR7
CCB-JHB does not make use of the IMM for measuring Counterparty Credit Risk	CCR7